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EUROPEAN COORDINATION OF COMMITTEES AND

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Fact Sheet: Dual use technology - how Europe funds Israeli military companies trough Horizon 2020

EU research funds have been a very important source of funding for Israeli academics, corporations, and state institutions. Although Israel is not an EU country, since 1995 Israeli applicants have been able to access EU research funds on the same basis as EU member states through Israel's EU Association Agreement. During the last research cycle that ran from 2007-13, known as FP7, a significant share of the funds went to Israeli applicants. Indeed, of the over 200 security research projects in the FP7 funding cycle, one in five included an Israeli partner.[i]

In the Horizon 2020 program, 77 billion euros are available for research grants for the period 2013 - 2020. The research funds are strictly intended for civilian applications. No funds are supposed to be allocated for military applications.

Many Israeli applicants have already obtained Horizon 2020 funds, including Israeli military companies such as Elbit and Israeli Aerospace Industries (IAI). There have already been 162 projects in which Israeli companies have participated, with a budget of around 452.3 million euros.[ii] While the research funds have purportedly gone only to projects with civilian applications, many of the projects are of a dual-use nature, raising questions as to whether the funds are actually being used to support military applications, or will do so in the future.

What are dual use items (products, services, or technologies)?

Dual-use items are products, including software and technology, which can be used for both civil and military purposes. They are basic or generic products or technologies which can have both civilian and military applications. Examples include: unmanned systems (such as drones), robotics, nano-electronics, information and communication technologies (ICT), sensors, energy storage, photonics, 3D printing, and biometrics.

Is the funding of dual-use items permitted in Horizon 2020?

Horizon 2020 permits the funding of dual-use items, as long as the research is "fully motivated by, and limited to, civil applications."[iii] The funding restrictions are not directed to the actors, nor the subject matter, but on the *applications* of the research. Thus for example, *an actor* such as a military company can receive funds for a program on *a subject matter* such as explosives, as long as the research being funded has strictly civilian *applications* (for example, explosives used in the construction of civilian-sector highway tunnels).

What if funding is found to have gone – intentionally or unintentionally -- towards military applications?

The Horizon 2020 guidelines do warn against potential misuse of research, and recommend taking precautions (such as appointing an independent ethics advisor or an ethics board) to guard against unintended consequences of

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research. If funding guidelines have been violated, the recipients may be in breach of their obligations under the Grant Agreement, and may have their funding curtailed or terminated.

What constitutes civil as opposed to military applications?

Horizon 2020 guidelines do not appear to have a clear definition of "civil" beyond that it is non-military. "Civil applications" appears to include many security-related areas (such as domestic policing, border patrol, airport security, cyber security, etc.). Military companies are increasingly orienting themselves away from conventional wars against external enemies, and towards internal conflicts against their own people, or to use Jeff Halper's phrase, "wars against the people." Even when directed towards external enemies, warfare is increasingly using forms such as "counter-terrorism" operations, which deploy many of these security technologies.

How is Horizon 2020 being used to support military projects?

While the Horizon 2020 guidelines profess to have an exclusive focus on civil applications, the European Commission is actively helping military companies and institutions to get around this, for instance by working with the European Defense Agency (EDA) to "find synergies" between Horizon 2020 and the EDA's research activities.[iv]   A guidebook issued by the European Commission in 2014, *EU Funding for Dual Use*, recommends ways military companies can develop dual use products and technologies. The guidebook outlines two ways of doing this.[v] One is through an in-house process, through which the military companies themselves apply for funds for projects with civilian applications. Afterwards, the company can adapt the product for military use.[vi]

Alternatively, some form of outsourcing process may be used (licensing, joint venture, spin-offs, start-ups, or inter-firm collaboration). For example, a small start-up firm can develop a project with a civilian-application, and then 'exit' the market by selling to a larger military company. The military company can later engage in "product adaptation" and make military use of the technology. In this way, military companies may save on the costs of developing the technology in-house by letting small and medium-sized enterprises develop the technologies (with help of Horizon 2020 funds). Some military companies have even created venture funds to help small start-ups develop technologies for later use by the larger military company.[vii]

The 2014 European Commission guidebook outlines a variety of ways in which governments can help companies make use of dual-use to diversify their products from one sphere (civilian) to the other (military). It suggests that public authorities can provide indirect support with: intelligence observatories (collecting intelligence about products and technologies); technology and knowledge transfers, outsourcing, spin-offs and joint venture creation; matchmaking events (fairs connecting firms and buyers); diversification (helping firms enter new markets); establishing dual-use business incubators (helping entrepreneurs turn their ideas into commercial companies); technology showcases and networking activities; and establishing dual-use clusters (bringing together companies in one geographic location).

In addition, the guidebook provides an overview of various EU funding programs that companies can access, including Horizon 2020. It recommends that to access Horizon 2020, applicants "should limit themselves to basic technologies that could then be adapted to defense applications."[viii]

Why is the misuse of dual-use particularly concerning?

Israel has been in the forefront of the development of military technologies (such as drones), which it uses in its occupation of the West Bank and Gaza, as well as its recurring wars on Gaza. Israel's actions have repeatedly been found to be in violation of international law and UN Resolutions, and condemned by most of the international community. So why then is the EU supporting Israel by providing it access to EU public research programs funded by EU taxpayers?

In short, the EU presents a public face of claiming not to fund projects with military applications through the Horizon 2020 program, yet behind the scenes it proceeds in doing so, particularly by encouraging companies to develop dual use products and technologies that can later be adapted for the military sector.

i Ben Hayes, "How the EU subsidises Israel's military-industrial complex," *OpenDemocracy.net*, March 6, 2013.

ii Stop Wapenhandel, *Combat proven: Nederlandse militaire relaties met Israel*, June 2016, pg. 31.

iii Explanatory note on "exclusive focus on civil applications."

iv European Commission, *EU Funding for Dual Use: Guide for Regions and SMEs*, 2014, pg. 43.

v European Commission, *EU Funding for Dual Use: Guide for Regions and SMEs*, 2014, pg. 9.

vi In addition, Shir Hever notes that since the money is often fungible -- the companies tend to use the same infrastructure (research labs, office space, personnel, etc.) for their civilian and military projects -- the funds intended for the civilian project can indirectly support military projects.

vii European Commission, *EU Funding for Dual Use: Guide for Regions and SMEs*, 2014, pg. 18.

viii European Commission, *EU Funding for Dual Use: Guide for Regions and SMEs*, 2014, pg. 48.